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BEFORE THE ARIZONA CORPORATION (

COMMISSIONERS

BOB STUMP, Chairman

GARY PIERCE

BRENDA BURNS

SUSAN BITTER SMITH

BOB BURNS

RECEIVED

AZ CORP COMMISSION

DOCKET CONTROL

2013 JUN 26 AM 10 28

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS AGUA FRIA WATER
DISTRICT, HAVASU WATER DISTRICT,
MOHAVE WATER DISTRICT, PARADISE
VALLEY DISTRICT, SUN CITY WEST WATER
DISTRICT AND TUBAC WATER DISTRICT.

DOCKET NO. W-01303A-08-0227

NOTICE OF COMPLIANCE FILING

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS MOHAVE
WASTEWATER DISTRICT.

DOCKET NO. SW-01303A-08-0227

DECISION NO. 71410

Decision No. 71410 issued and effective December 8, 2009, orders EPCOR Water
Arizona, Inc. ("Company") to file an earnings test for the Agua Fria Water District. This
decision orders the Company to "file annually, *during the period prior to the date of issuance of*
a rate order that considers the authorized deferred expenses as recoverable operating expenses,
an earnings test..." Decision No. 73145 issued May 1, 2012, addressed the issue of authorized
deferred expenses therefore making further compliance filings no longer necessary. Please
consider the Company's June 29, 2012, submittal as the last and final compliance filing.

Arizona Corporation Commission

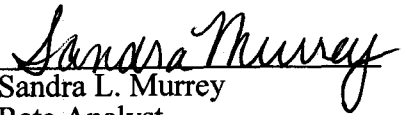
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DOCKETED BY

LSM

1 RESPECTFULLY SUBMITTED on June 26, 2013.

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5 Sandra L. Murrey
6 Rate Analyst
7 EPCOR Water Arizona, Inc.
8 2355 W. Pinnacle Peak Rd., Suite 300
9 Phoenix, AZ 85027
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29 Original and 13 copies **filed**
30 on June 26, 2013, with:

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32 Docket Control
33 Arizona Corporation Commission
34 1200 West Washington
35 Phoenix, Arizona 85007
36

37 Copies of the foregoing **emailed**
38 on June 26, 2013 to:

39
40 Brian K. Bozzo
41 Compliance and Enforcement Manager
42 Utilities Division
43 1200 West Washington Street
44 Phoenix, AZ 85007

1 quarterly in sufficient detail to facilitate a subsequent audit and reasonableness review in its next
2 Agua Fria District rate filing proceeding, and shall include with that rate filing a report detailing the
3 deferred expenses and associated savings for review in that proceeding.

4 (4) Arizona-American Water Company shall file annually, during the period prior to the
5 date of issuance of a rate order that considers the authorized deferred expenses as recoverable
6 operating expenses, an earnings test for the Agua Fria Water district, so that in the event the
7 Company would earn more than its authorized return on rate base as a result of the deferral, the
8 amount of the deferral can be reduced to bring earnings down to the authorized return.

9 (5) In accordance with this Ordering Paragraph, Arizona-American Water Company shall
10 be authorized to:

11 a. defer the sum of its White Tank Plant's Operations and Maintenance expenses
12 less the realized cost savings resulting from production shifts as a regulatory asset in Account 186,
13 Miscellaneous Deferred Debits;

14 b. accrue interest on the outstanding deferred Operations and Maintenance
15 expense balance at its prevailing short-term interest rate;

16 c. beginning on the date of issuance of a rate order that considers the authorized
17 deferred expenses as recoverable operating expenses, amortize the allowed amount of the regulatory
18 asset over a reasonable time period to be determined in that rate order, and include such amortization
19 as a recoverable expense.

20 IT IS FURTHER ORDERED that the proposed specific accounting entries, as described in
21 Findings of Fact No. 121 above, are hereby approved.

22 IT IS FURTHER ORDERED that the necessity of continuing the accounting procedures
23 approved in the prior Ordering Paragraph shall be addressed in the Company's next rate filing for its
24 Agua Fria Water district.

25 IT IS FURTHER ORDERED that Arizona-American Water Company shall, for its Mohave
26 Water district and Havasu Water district, reduce its water loss to below 10 percent by June 30, 2010
27 or before it files its next rate increase application and/or CC&N application and/or financing
28 application, whichever comes first, and shall begin water loss monitoring and take action to ensure